Platform Cooperativism Consortium

INSTITUTE FOR THE COOPERATIVE DIGITAL ECONOMY

VARIETIES OF TECH WORKER COOPERATIVES

TYPOLOGIES, THEORY, AND POLICY IMPLICATIONS

A Report by
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About the Institute for Digital Cooperative Economy (ICDE)

The Institute conducts cross-disciplinary research about the emerging cooperative digital economy, which is relatively uncharted territory in anthropology, political science, sociology, history, law, and economics. This rapidly expanding field is also inextricably linked to labor and cooperative studies. This work is concerned with finance, entrepreneurship, and organizational studies in business schools. Governance and corporate structure are critical subjects in law schools. The Institute's mission, in recognition of existing research gaps, is to provide applied and theoretical knowledge, education, and policy analysis.

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Introduction

Tech jobs no longer guarantee the high-quality employment they once promised[12]. Between 2022 to 2024, tech companies in the US, both large and small, laid off over 580,000 tech workers[3]. Even renowned employers like Google[4] are firing employees despite making profits. Increasingly, tech workers express dissatisfaction with their jobs[5], disagreeing with their employers over pay, promotions, management styles[6], and return-to-office mandates[7]. Many express frustrations at their limited autonomy and voice in investor-owned firms, key elements of job quality that remain scarce. This crisis in the tech sector sparks interest in alternative business models that prioritize worker autonomy and voice. What if tech workers owned and managed their own firms? Could such a shift improve job quality?

Worker cooperatives offer a compelling solution. These organizations grant workers the highest levels of workplace autonomy[8], distinguishing them as a premier form of workplace democracy. Workplace democracy encompasses systems that empower workers to exercise power[9], with worker cooperatives leading the spectrum by maximizing autonomy[10], followed by unions and co-determination[11], while hierarchical firms are on the opposite end of the spectrum[12]. The decline in job quality in the tech sector has coincided with a resurgence in workplace democracy initiatives, such as unions and worker cooperatives[13]. In the last couple of years, unions at major game studios like Blizzard[14] or the establishment of Alphabet Workers Union (AWU) in 2021, Google's parent company[15], have gained traction.

This report explores worker cooperatives as a mechanism to enhance job quality through increased autonomy and voice, focusing on their relevance to tech workers. Worker cooperatives vary widely in structure and purpose. No single model fits all, which is why I propose a typology to capture their diversity. This framework aids academics, policymakers, and practitioners in understanding how to foster the startup, growth, scaling, development, and resilience of worker cooperatives, particularly for freelancers, tech workers, and remote knowledge workers. Figure 1, illustrates their potential reach across millions of tech workers, digital nomads, and freelancers globally.

Why Focus on Autonomy and Worker Cooperatives?

Self-Determination Theory (SDT) argues that autonomy is a universal psychological need to achieve subjective worker well-being[16]. A meta-analysis spanning Western (typical individualist cultures) and East Asian countries (typical collectivist cultures), confirms autonomy's link to subjective well-being[17]. According to the theory, autonomy, along with mastery and relatedness, are intrinsic psychological needs that can improve well-being and,

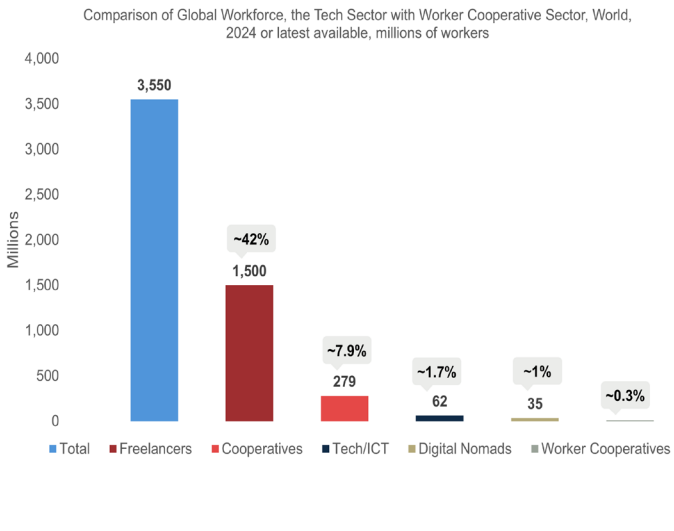

Figure 1: Why Worker Coops in Tech? Coops are small, but tech thrives on horizontality. Sources: World Bank 2022 (Total); GoRemotely.Net 2023 (Freelancers); Statista 2023 (Tech/ICT); Twoticketsanywhere.com 2024 (Digital Nomads); ICA 2017 (Cooperatives)

thus, job quality at work[18]. Worker cooperatives, with their unmatched autonomy[19], stand out as the organizational form best equipped to meet these needs.

Two factors underscore their relevance to job quality. First, in worker cooperatives, workers have the highest level of autonomy at work[20]. Second, they adhere to internationally recognized values and principles, making them applicable across regions and sectors.

Worker cooperatives are a type of cooperative where workers own and manage the firm. Each worker has a voice and a vote in these cooperatives. This differs from other cooperatives, where members are not workers. In those cooperatives, there may be a relationship of dependence between employers and employees[21]. For example, in consumer cooperatives, the members of the cooperative are its customers. Usually, the workers of consumer cooperatives are not members, but employees, and they are subject to a relationship of dependence on an employer. Examples of other types of cooperatives where cooperative members may not be workers include housing, agricultural, multi-stakeholder, utility, or platform cooperatives. Exceptions exist, such as Mondragon's international subsidiaries, where workers are employees, not like the members in Spain with full voting rights[22]. Mondragon is the world's largest worker cooperative federation based in the Basque region of Spain.

Critics of worker cooperatives may point to the small size of the cooperative movement. Yet their impact is significant. The International Cooperative Alliance (ICA) is the main global organization for cooperatives. According to ICA, cooperatives make up "12% of humanity" and offer work opportunities to 280 million people worldwide, which is approximately 10% of the employed population[23]. Globally, more people work for cooperatives than for unions, which have about 251 million members[24]. Of the total cooperative workforce, only 11.1 million were worker-members, representing approximately 4% of the global cooperative workforce or 0.3% of the total 3.55 billion global workforce in 2022[25].

Despite their size, major international agencies such as the United Nations (UN) and the International Labor Organization (ILO) have recognized the contributions of cooperatives to social and economic development[26]. The UN has declared 2025 the International Year of Cooperatives for the second time[27]. The first time was in 2012[28]. Unlike traditional firms that emphasize shareholder primacy[29], cooperatives prioritize member well-being[30]. They are resilient and better equipped to withstand crises compared to traditional firms[31].

Photo 1: The United Nations (UN) declared 2025 the "International Year of Cooperatives." This year's theme is "Creating an enabling environment for cooperatives." The first time the UN declared a year as the "International Year of Cooperatives" was in 2012. That year the motto was "Cooperatives build a better world." Photo Source: UN.

Worker cooperatives prioritize member well-being over shareholder profit[32], aligning with UN's Sustainable Development Goal 8: Decent Work and Economic Growth. They aim to provide decent, humane working conditions, distinguishing them from other types of

employee-owned firms such as employee stock ownership plans (ESOPs), where ownership may include external investors and voting power varies by shares. ESOPs and other non-cooperative employee-owned firms do not incorporate ICA's principles and values of cooperatives. In worker cooperatives, only workers own the firm, each with one vote—except in rare cases like the United Arab Emirates (UAE), where law permits stock market listings[33].

Worker cooperatives are often small and struggle to scale. There are various reasons for this, including inefficient decision-making, limited investment opportunities, lack of capital, and the risk of losing their cooperative nature. External factors like competition, industry differences, and balancing pay and working conditions also impact cooperatives[34]. Internally, cooperatives face challenges like slow decision-making, the risk of losing their cooperative structure (demutualization or degeneration), short-term investment focus, and insufficient capital[35]. Moreover, inadequate institutional support hinders the formation, growth, and sustainability of cooperatives[36].

Worker cooperatives come in various forms despite being small. By categorizing them based on legal status, employment relations, business operations, and ideological orientation, policymakers can better design measures to support their growth. This analysis also helps in understanding the impact of these cooperatives on job quality.

I use institutional and self-determination theories to explain how external constraints and individual agency shape worker cooperative models. Institutional theory focuses on societal norms, rules, and regulations affecting organizational behavior. It stresses the role of legal frameworks and cultural norms[37]. Self-determination theory examines individual motivation and autonomy in behavior[38]. It highlights autonomy, competence, and relatedness as crucial psychological needs. By combining these theories, I aim to understand how worker cooperatives form and operate considering both external constraints and individual agency.

This study is significant as it explores the diversity within worker cooperatives, offering an alternative to traditional capitalist enterprises. By categorizing different types based on legal structures, employment relations, and business operations, the study reveals institutional and individual factors influencing these models. Understanding how worker cooperatives enhance job quality by increasing worker autonomy is crucial. This research fills gaps in existing studies and provides guidance for policymakers, professionals, and academics involved in cooperative development and the future of work. It focuses on business models that prioritize job quality, sustainability, and economic viability.

Theoretical Framework

Worker-cooperatives are a type of cooperative where members are both workers and owners of the business. This dual role differs from traditional firms where employees are not owners. Some hybrid cooperatives, like the supermarket chain Eroski in Spain, have both worker-owners and traditional employees. In 2023, out of 27,000 workers at Eroski, nearly 9,000 were worker-owners[39].

Institutional Context Shaping Cooperative Formation

Worker cooperatives are a type of mutual aid societies. Webb and Webb's "Industrial Democracy"[40] traces the origins of modern mutual aid societies and the cooperative movement. The Rochdale Society of Equitable Pioneers played a key role in the development of worker cooperatives. In 1844, the Rochdale Pioneers, a group of weavers in England, created the first successful cooperative store[41]. They established principles like open membership, democratic control, and fair profit distribution, which became the foundation of the cooperative movement[42].

Photo 2: A photo featuring some of the founders of the Rochdale Society of Equitable Pioneers, 1865. Photo by Wikimedia.

Worker cooperatives have developed in various socio-political settings. In post-industrial revolution Europe (19th century), they emerged because of harsh labor conditions[43]. These worker cooperatives allowed workers to collectively own and manage their workplaces,

giving them a voice in decision-making and ensuring fair treatment[44]. Decolonization and independence movements in the 20th century promoted cooperative development. Most notable examples of cooperative development linked with an independence movement are the Finish cooperatives[45]. However, there has been a decline since neoliberal reforms began in the 1980s. In the 21st century, there is a resurgence in cooperatives, especially in Latin America[46]. In Argentina, workers took over bankrupt or abandoned factories and turned them into worker cooperatives[47]. Over 16,000 workers across 400 formerly bankrupt factories across Argentina continued to work in worker recovered enterprises managed as worker cooperatives[48]. The movement aimed to tackle unemployment and economic inequality by empowering workers to manage their workplaces and create sustainable livelihoods[49]. Workers empowered with more autonomy can use their skills, knowledge, and experience and contribute to improve firm profitability and performance[50].

The Three Levels of Autonomy: Individual, Group, and Organizational

Starting worker cooperatives is often motivated by a desire for autonomy, which can vary in degrees. Autonomy ranges from no autonomy, where motivation comes from external sources, to high autonomy, where workers are self-motivated[51]. Although autonomy is a universal need[52], full autonomy creates a paradox. It can lead to inefficiencies and lack of coordination[53], while too little can be restrictive. Balancing autonomy can enhance job quality and firm performance[54]. Worker cooperatives employ different methods to manage autonomy, such as using hierarchical structures[55] or governance models like sociocracy[56], which emphasizes worker participation.

In the workplace, autonomy operates at three levels: individual, group, and organizational[57]. Individual autonomy refers to the ability of an individual worker to define their work tasks and participate in the firm's governance. It is about furthering their competence, or sense of skills, mastery, necessary to perform at work. Relatedness is defined as "the need to form meaningful and intimate social relationships" [58].

Conventional firms limit autonomy by depending on the employer-employee relationship[59]. Autonomy means eliminating this dependence[60]. The employer-employee relationship creates a paradox where workers are seen as instruments of labor, heteronomous, but also as responsible agents, autonomous[61]. Ellerman considers the employer-employee relationship an institutional fraud because the law treats human beings as instruments or employees, while in reality they cannot escape their responsibilities as human beings in the workplace[62] [See endnote for explanation][63]. To avoid legal fraud in the employer-employee relationship, the legal rights and facts must be consistent.[64]

Critics disagree with Ellerman. They believe employment is a voluntary contract between employers and employees, not an institutional fraud[65]. Employment contracts are based on mutual consent, where workers exchange labor for wages, retaining legal rights and protections under labor laws and collective bargaining agreements[66]. The principal-agent framework further supports this view, positioning employment as a delegation of decision-making rather than a denial of personhood[67]. Rather than fraud, the employer-employee relationship reflects a structured economic exchange within legal and regulatory framework[68].

While some scholars argue workers can achieve autonomy in conventional firms, I side with Ellerman's view, who argues that it is a structural impossibility[69]. At best, workers can achieve some individual, group, or even organizational autonomy, but not full autonomy across the three levels. However, as argued above, full autonomy does not lead to the best outcomes for workers or firms.

Group level autonomy refers to the authority granted to a work team to make decisions[70]. Individual and group autonomy can interact and lead to conflicting dynamics. Langfred identifies four combinations of autonomy levels: Type 0: low individual and group autonomy; Type 1: low individual but high group autonomy; Type 2: high individual but low group autonomy; and Type 3: high individual and group autonomy (See Figure 2)[71].

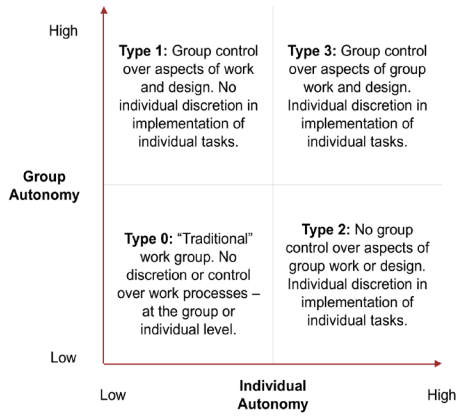
High
Type 1: Group control over aspects of work and design. No individual discretion in implementation of individual tasks.
Type 3: Group control over aspects of group work and design. Individual discretion in implementation of individual tasks.
Group Autonomy
Type 0: "Traditional" work group. No discretion or control over work processes – at the group or individual level.
Type 2: No group control over aspects of group work or design. Individual discretion in implementation of individual tasks.
Low
Low
Individual Autonomy
High

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Figure 2: Types of self-management group designs[72].

Balancing individual and organizational autonomies is a major challenge in organizational studies[73]. Worker cooperatives, like those in Langfred's Type 3 grouping, offer a balance between individual and group autonomy (See Figure 2). Worker-owners in cooperatives face conflicts in balancing their roles as workers, employers, and entrepreneurs[74]. This conflict highlights a paradox where more individual autonomy can lead to higher job satisfaction but may clash with group autonomy, potentially reducing group cohesion[75].

Organizational autonomy allows freedom for entrepreneurial activities within a company without obstacles.[76] It means having the freedom to act without being constrained by established strategic norms or organizational traditions[77]. Entrepreneurial actions include defining the organization's vision, mission, strategy, and activities, selecting the legal entity form, choosing clients, products, and services to develop, market, sell, and deliver, and establishing relationships with other firms and organizations.

Firm level autonomy can be achieved through top-down or bottom-up approaches. Bottom-up approaches usually lead to better results[78]. Worker cooperatives have a flat structure and use a bottom-up approach, making them an ideal form to achieve a utopia in the workplace[79]. Autonomy is crucial for balance, enhancing innovation and competitiveness. However, excessive focus on participation can cause financial[80] and operational challenges.

Worker cooperatives have a structure that boosts individual, group, and organizational autonomy. According to Langfred, high levels of both group and individual autonomy are rare, but are common in software development and creative industries[81]. This means that worker cooperatives in the tech sector, like software development, would have the highest levels of autonomy

Maximizing autonomy is challenging in knowledge-intensive jobs such as software development. Autonomy can create job pressures from fragmented work distribution, leading to overwhelming workloads instead of well-being improvement.

Langfred found a negative correlation between individual and group autonomy in firms[82]. As individual autonomy increases, group autonomy decreases, and vice versa. This negative correlation in worker cooperatives can create management paradoxes, blurring the boundaries of individual judgment despite the autonomy to suggest improvements[83]. Managing individual and group autonomies in decentralized firms like cooperatives has led to new governance models such as sociocracy. These models aim to enhance autonomy by sharing power among all workers based on consent[84]. However, finding governance

models to [85]manage the three levels of autonomy while maintaining a decentralized and democratic structure remains a challenge. Maintaining democracy in organizations requires a continuous effort and improvements.

Photo 3: A training about sociocracy at work, a consent-based governance form popular among tech worker cooperatives in the UK. Photo by Democracy to Come.

Integrating Institutional and Self-Determination Theories

Cooperative literature can benefit from integrating institutional and self-determination theories. Institutional theory explores external factors affecting cooperative behavior. It includes history, socio-economic context, and legal frameworks. Self-determination theory focuses on internal factors like member participation. Understanding both theories enhances the insight into worker cooperatives, improving policies and practices.

Key Dimensions of Worker Cooperative Typologies

I propose a framework that includes four key dimensions for worker cooperatives: legal status, employment relations, business operations, and ideological orientation. Legal status considers the legal forms cooperatives can take, like cooperative societies or limited liability companies, and their legally mandated governance structure. Employment relations focus on the relationship between the cooperative and its worker-members, including participation, decision-making, control, profit-sharing, and risk-sharing. Business operations look at factors affecting firm formation and worker retention. Ideological orientation can

be reform-activist, pragmatic, or revolutionary, shaping how cooperatives view work and capitalism. Analyzing these dimensions helps understand cooperative types and success factors. Next, I will detail the typologies and subcategories. An important point to bear in mind is that in the typologies I discuss pure cases. Rarely is a cooperative a pure case. They usually operate on a gradient.

Legal Structure

Worker cooperatives can be formal or informal. Formal cooperatives register in their jurisdiction and have legal personhood at the state or federal levels. Informal cooperatives do not have legal personhood. In the US, worker cooperatives often register as limited liability companies, which is a non-cooperative legal entity form[86]. Workers choose to register as a cooperative for various reasons such as pragmatic, ideological, or mixed reasons. If they opt for a non-cooperative legal entity form, but internally organize themselves as a cooperative, they prioritize pragmatism. If they opt for a cooperative legal entity form, despite the challenges it poses, they prioritize idealism.

Cooperatives depend on a strong and supportive legal base for long-term success[87]. The legal status of cooperatives and their operations reveals distinctions between *de facto, de jure*, and those blending both elements (See Figure 3). These differences have material and practical consequences for the management of worker cooperatives. Similar to autonomy[88], these distinctions are not strictly binary, they exist on a spectrum[89].

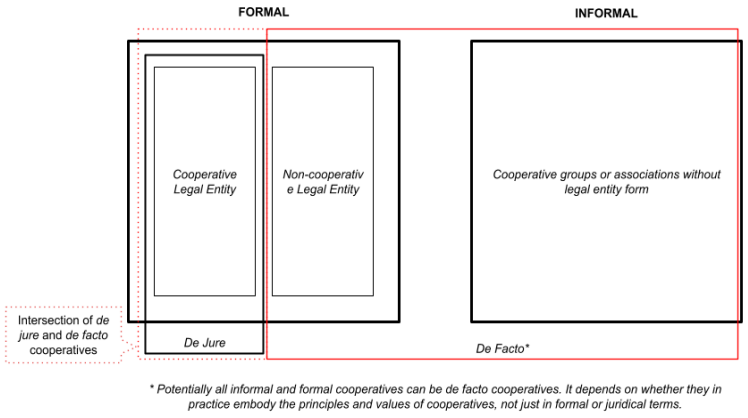
FORMAL
INFORMAL
Cooperative Legal Entity
Non-cooperativ e Legal Entity
Cooperative groups or associations without legal entity form
Intersection of de jure and de facto cooperatives
De Jure
De Facto*
* Potentially all informal and formal cooperatives can be de facto cooperatives. It depends on whether they in practice embody the principles and values of cooperatives, not just in formal or juridical terms.

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Figure 3: Formal vs. Informal Cooperative Typologies. Author's elaboration.

De facto worker cooperatives are ones where in practice they embody the International Cooperative Alliance (ICA's) principles and values of cooperatives. Both formal and informal cooperatives may be de facto cooperatives (See Figure 3). One does not need a legal structure to practice ICA's cooperative principles and values. What both formal and informal de facto cooperatives share is their lack of registration as a cooperative legal entity. They are not de jure worker cooperatives. An informal group of trash collectors who abide by ICA's principles of cooperatives would make up a de facto cooperative. An example of de facto formal worker cooperatives would be tech worker cooperatives in the UK. Many are registered as private companies limited by guarantees or private companies limited by shares. They are de facto worker cooperatives because they self-identify as such and they embody the ICA principles and values of cooperatives within the articles of association that are registered with the national authority for private companies, Companies House. Moreover, they adopt internal governance and operational practices that democratize decision-making, ownership, and distribution of revenues[90].

From here, the question arises, how can we measure if a cooperative is a de facto cooperative or not? One way we can assess this is through measuring the adoption and embodiment of the cooperative principles and values through the cooperative's mission(s), internal governance, ownership structure, business activities, and community relationships. This would be similar to the B Corp certification for socially responsible organizations. The de facto designation would not be binary but rather would be a gradient.

Lacking formal legal registration may reduce bureaucratic burden during the startup phase. However, lack of legal registration creates difficulties for cooperatives[91] in areas such as taxation, income distribution, and business development, thus limiting growth. Without the right legal framework, some resort to "legal hacks" to establish structures that align better with the firm's reality and intentions[92].

De jure are worker cooperatives registered as such under national law. An example of de jure worker cooperatives are tech worker cooperatives in Argentina. They are registered under Argentina's Law on Cooperatives 20.337 as worker cooperatives (*cooperativas de trabajo*).

Legal designation does not mean that a cooperative adheres to the principles of co-operation. There are examples of pseudo cooperatives, firms registered as cooperatives to exploit workers and commit labor fraud[93]. There are also examples of government-created worker cooperatives that may limit the autonomy of workers[94]. By ICA's definition, cooperatives are voluntary associations. If they are created through a government mandate

as part of an employment scheme, they are generally not based on voluntary membership.

De jure designation is important for cooperatives because it provides institutional recognition. A clear legal framework helps outsiders identify and account for cooperatives accurately[95]. In the US, many worker cooperatives are not properly counted because they are registered as limited liability companies instead of cooperatives. If all worker cooperatives registered correctly, counting them would be easier. Without a clear legal framework, starting and running worker cooperatives can be challenging. This confusion can affect government agencies, businesses, workers, and other stakeholders[96]. The International Labor Organization (ILO) Recommendation 193 provides guidelines for simplifying national policies and laws related to cooperatives due to the diverse regulations in different countries[97].

Informal worker cooperatives lack legally mandated equal voting and voice rights for their members. Choosing the right legal entity affects both the worker cooperative's status and the legal standing of its workers.

De facto and de jure worker cooperatives are ones that combine the best of both worlds. ILO's Recommendation 193 recognizes the importance of aligning the legal form of worker cooperatives with the actual practice of the international cooperative principles and values. Although there is a focus on worker ownership and management, there are exceptions even in *de jure* cooperatives. Some worker cooperatives are composed of only workers who are owners and members[98], while others may have salaried workers. For example, Mondragon, the largest cooperative in the world, has worker cooperatives with foreign non-cooperative subsidiaries[99], thus creating a "participation-deficit" where the worker members and owners at the parent cooperative have full rights and privileges as cooperative members and owners, while those employees at the foreign subsidiaries are in an employment relationship of dependence with their cooperative employers[100]. By this definition, Mondragon as an ecosystem of worker cooperatives, would not be fully de jure and de facto cooperative.

Summary of Subtypes of Worker Cooperatives by Legal Structure

SUBTYPE 1: Formal Cooperatives.

- **DEFINITION:** Worker cooperatives registered as cooperative or non-cooperative legal entities. They generally adhere to ICA's cooperative principles and values. Some exceptions are pseudo cooperatives or state-sanctioned cooperatives that do not fully adhere to ICA's cooperative principles and values.
- **WORKER OUTCOMES (POSITIVE):** Legal structure enables greater access to cooperative support resources, enhanced legal protections for the cooperative and workers, accounting and tax compliance, and formal governance structures. Legally mandated governance structures and guidelines for sharing revenues, expenses, and responsibilities.
- **WORKER OUTCOMES (NEGATIVE):** Potential bureaucratic rigidity. Compliance burdens and complexities if workers choose non-cooperative legal entities. **GOVERNANCE:** Various forms of democratic governance and overall adherence to cooperative principles and values. May not guarantee the inclusion of all worker-members.
- **EXAMPLE:** All of Argentina's tech worker coops that are part of the Tech Worker Cooperative Federation of Argentina (FACTTIC).

SUBTYPE 2: Informal Cooperatives.

- **DEFINITION:** Cooperatives without a legal entity structure. Loosely organized, these groups aim to adhere to the ICA's cooperative values and principles.
- **WORKER OUTCOMES (POSITIVE):** Flexibility to structure cooperative governance and low barriers to entry to cooperation.
- **WORKER OUTCOMES (NEGATIVE):** Lack of legal protection for workers and legal entity, limited resources, and precarity. Issues when distributing revenues and expenses, or when members exit the cooperative. Limited or no accounting and tax compliance. No bank account linked with the cooperative.
- **GOVERNANCE:** Consensus-based or loosely structured. The lack of structure may lead to the tyranny of structurelessness[101].
- **EXAMPLE:** UK's tech worker cooperative federation (CoTech). It is a second-order cooperative group that is informal, i.e., no registration of a legal entity.

SUBTYPE 3: De Jure Cooperatives.

- **DEFINITION:** Cooperative entities registered as cooperative legal persons in the jurisdiction in which they operate.
- **WORKER OUTCOMES (POSITIVE):** Clear legal recognition and established rules and norms for entry and exit in the cooperative. Channels for exercising worker autonomy and voice.
- **WORKER OUTCOMES (NEGATIVE):** Challenges with internationalization of the cooperative. Potential bureaucratic burdens, depending on the legal framework of the country or state in which they operate. They may be legally a cooperative entity, but in practice they may not follow ICA's principles and values. Lack of harmonization of cooperative structures across the world leading to varying worker protections. Sometimes workers in worker cooperatives have less worker rights and protections than employees in conventional firms.
- **GOVERNANCE:** The law in each country mandates the minimum requirements for a governance structure. Cooperatives do what the law requires and often exceed minimumlegal requirements. The structures may range from a hierarchical cooperative to a horizontal cooperative.
- **EXAMPLE:** All of Argentina's tech worker coops part of FACTTIC.

SUBTYPE 4: De Facto Cooperatives.

- **DEFINITION:** Formal and informal cooperatives that adhere to ICA's values and principles of cooperatives.
- **WORKER OUTCOMES (POSITIVE):** Adhere to ICA's principles of cooperatives regardless of legal structure. Increased worker autonomy and voice. Reduced income inequality.
- **WORKER OUTCOMES (NEGATIVE):** Challenges with democratic worker ownership and management in case of internal worker disputes.
- **GOVERNANCE:** If it is formal, the governance structures for formal cooperatives apply. If it is informal, then those for informal ones apply.
- **EXAMPLE:** Most of UK's tech worker cooperatives that are part of CoTech, UK's tech worker cooperative federation because they self-identify as worker cooperatives.

Employment Relations

Worker cooperatives have four employment categories: employees, self-employed individuals, freelancers, hybrid, and informal forms. These categories can overlap (See Figure 4). Cooperatives can offer part-time or full-time opportunities. Tech workers do not need to commit full-time. They can have a job elsewhere and still be part of a cooperative. Just like the legal structure models above, the employment in cooperatives can be formal or informal and the worker members can be de jure worker-members of the cooperative or de facto.

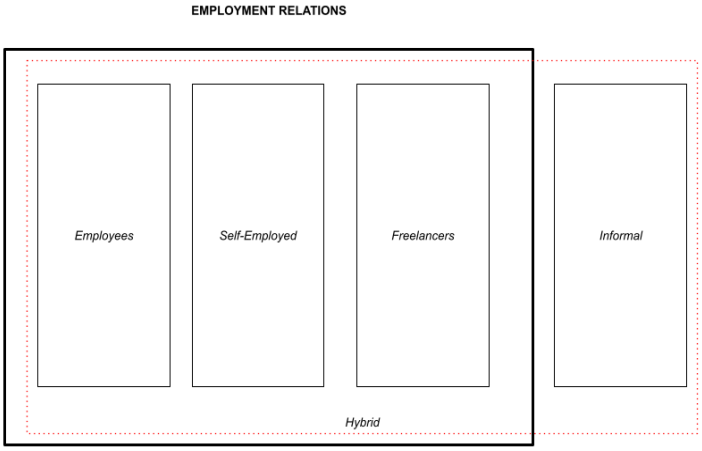

Figure 4: Employment Relations Models. Author's Elaboration.

Employees in worker cooperatives are those that enjoy formal employment. They may be de jure or de facto cooperative worker-members (Figure 5). Employees in de jure cooperatives are also owners. They have legal ownership stakes. For example, tech worker cooperatives in Argentina follow this model. In de facto cooperatives, cooperatives hire workers without legal inscription for ownership. Instead, the organization commits to giving these employees a voice and a vote and treating them as equal. Many of UK's tech worker cooperatives follow this model because their private company legal entity structures allow for one member one vote structures for non-cooperative entities.

Self-employment is a formal category, treating workers as business owners or employers. The regulatory environment influences self-employed cooperatives' ability to provide worker protections like unemployment insurance or retirement funds[102]. For example, in

Argentina, cooperative members are considered self-employed (monotributistas) and are responsible for state contributions for pension, healthcare, and unemployment benefits. The challenge that many tech workers cite is that upon retirement they will receive a minimal pension, despite maxing out on their contributions[103]. This leaves cooperative tech workers in Argentina in an unfavorable position compared to tech worker in conventional firms.

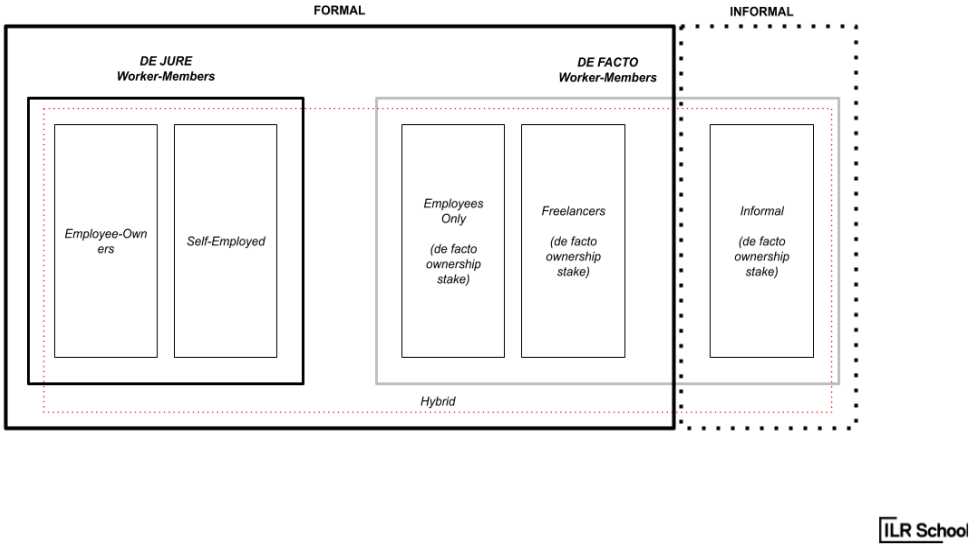

Figure 5: Employment relations models overlaid with the legal structure model. Author's Elaboration.

Freelancers often face isolation and limited bargaining power[104]. However, by organizing into worker cooperatives, they can pool their resources and clients, enhancing their market access and collective bargaining power[105]. Additionally, being part of a worker cooperative can reduce the individual administrative burden and increase compliance with legal and regulatory requirements[106]. Formalization of relations also helps freelancers tackle issues related to income instability, limited access to benefits, or clients. The rise of worker cooperative structures in response to the challenges of the gig economy is an important trend to address, as it provides a viable alternative for freelancers who want to have high levels of individual autonomy, while also achieving greater economic security and success. A European Commission study estimates there are 163 million online gig workers around the world[107], creating a vast potential for organizing freelancer tech worker cooperatives.

Informal employment models are those of informal worker cooperatives. There is only a de facto commitment to shared ownership and decision-making with no legal agreements. Without the constraints of legal paperwork, members rely on mutual trust and a common

vision to guide their shared ownership and decision-making processes.

Hybrid or other forms of worker cooperatives involve a mix of employment relations. They are prevalent where there is a formal but non-cooperative legal entity form. These arrangements are flexible, catering to the different needs of workers. However, workers without a formal ownership stake (de jure) in the cooperative may face challenges when they leave[108]. They have less legal rights compared to de jure worker-owners.

A hybrid employment arrangement is prevalent in cooperatives with transnational or international membership. An example of such a cooperative is Colab, which is based in Ithaca, New York. Colab has worker-members based in several states in the US and internationally[109]. Due to the transnational nature of the employment workforce, the worker-members are de facto worker-members, but in practice they have different employment arrangements to work around the legal constraints imposed by national and international legal systems. Depending on the internal arrangements of the cooperative, the employees or freelancers may or may not have ownership shares assigned to them. There are workers who want to form part of a worker cooperative, but do not want to be listed as co-owners of the cooperative. The other reason is that they want to receive employee protections because as co-owners they would not enjoy unemployment and retirement contributions. I noticed such instances when I did interviews with tech worker cooperatives in the UK. Transnational worker cooperatives need supportive legal frameworks to overcome the unique challenges they face in globalizing[110].

Summary of Subtypes of Worker Cooperatives by Employment Relations

SUBTYPE 1: Employees.

- **DEFINITION:** Formal employees of worker cooperatives. Employees may be de jure or de facto worker-members and owners.
- **WORKER OUTCOMES (POSITIVE):** High job security, structured wages, and benefits. Channels for exercising worker autonomy and voice.
- **WORKER OUTCOMES (NEGATIVE):** Risk of organizational stagnation and conflicts over profit distribution. Risk of degeneration or demutualization into a traditional firm
- **GOVERNANCE:** De jure employee-owners have more legal protections over de facto employee-owners. The legal entity forms of the worker cooperatives shapes and affects the governance structure. The models for de jure and de facto cooperatives above apply.
- **EXAMPLE:** De facto UK tech worker coops registered as private companies limited by shares or limited by guarantees.

SUBTYPE 2: Self-Employed.

- **DEFINITION:** Cooperatives structured around self-employed worker members.
- **WORKER OUTCOMES (POSITIVE):** Greater autonomy and flexibility. All workers are worker-owners and members.
- **WORKER OUTCOMES (NEGATIVE):** Workers are treated as owners under the law. In some jurisdictions, there may be a lack of access to strong worker protections such as pension and healthcare attributed to employees. Requires costly ad-hoc solutions for pension and healthcare benefits.
- **GOVERNANCE:** Models of formal and de jure worker cooperatives apply to this model
- **EXAMPLE:** Argentina's tech worker coops

SUBTYPE 3: Freelancers.

- **DEFINITION:** Networks of self-employed individuals pooling resources and clients and organized in a worker cooperative.
- **WORKER OUTCOMES (POSITIVE):** Enhanced market access and collective bargaining power. Reduced individual administrative burden and increased compliance. Formalization of relations and possibilities for scaling operations. Greater legitimacy and credibility towards clients.
- **WORKER OUTCOMES (NEGATIVE):** Varied income stability and limited access to benefits such as pension and health care. Differences in employment protections based on country of origin. Freelancers with higher revenues may exercise more power.
- **GOVERNANCE:** This model may take a variety of models. It is more often in this model that freelancers engage with cooperatives on a part-time basis. This begs for creative governance models, where the level of decision-making and compensation are determined by the amount of commitment or contribution to the cooperative. Generally, in freelancer worker cooperatives, each worker has a voice and a vote, with compensation depending on the amount of work delivered and revenues generated through the cooperative.
- **EXAMPLE:** Smart (Belgium), a freelancers cooperative network.

Photo 5: Smart Coop is a freelancer's platform cooperative present in seven European countries gathering over 90,000 freelancers. Photo by Smart Coop Germany.

SUBTYPE 4: Informal.

- **DEFINITION:** Informal workers with de facto arrangements for shared ownership and decision-making.
- **WORKER OUTCOMES (POSITIVE):** No bureaucratic burdens or legal paperwork in setting up an informal cooperative and "hiring" employees. An excellent way to pilot cooperation and collaboration among a group of individuals before committing to a formal worker cooperative structure.
- **WORKER OUTCOMES (NEGATIVE):** No employment or legal protection in case of accidents or disputes.
- **GOVERNANCE:** Governance models for informal cooperative structures apply. These models rely on collectivist and horizontal models based on high levels of trust. Easier with workers from the same community and with shared interests, values, and goals.
- **EXAMPLE:** Workers doing work for CoTech, the informal federation of tech worker cooperatives in the UK.

SUBTYPE 5: Hybrid/Other.

- **DEFINITION:** Cooperatives where there is a mix of employment relations. Typically, the case with formal but non-cooperative legal entity form.

- **WORKER OUTCOMES (POSITIVE):** Flexible arrangements based on the different needs of workers.
- **WORKER OUTCOMES (NEGATIVE):** Workers may have different statuses, and this may cause challenges for workers who have no formal ownership stake in the cooperative upon exit. Prevalent in cooperatives that have transnational or international membership.
- **EXAMPLE:** CoLab worker Cooperative, based in the US, with de jure and de facto worker-members in several US states and countries.

Business Operations

Business operations can take various forms, each with their own unique characteristics and challenges. I split the business operations into two categories: how they start and why they operate (their raison d'etre).

In how worker cooperatives start, I identify nine subtypes: start-ups, spin-offs, freelance, conversion, merger, multi-stakeholder, holding/international, federations and networks, and recovered. Based on my research and literature review, I pinpointed nine foundational forms for new or existing ventures. I categorize their operational focus into three sub-categories: lifestyle businesses, lifelong employment, and traditional employment.

How do they start?

Start-up is a common business type. It emerges when a group of workers come together to form a new cooperative. This type of worker cooperative has the advantage of tapping into the potential for innovation and responsiveness to market demands. However, it also faces challenges to raise capital for its operations, securing clients, incorporating new members, and sustaining a harmonized organizational culture.

Spin-off is another type of business operation. It forms when a worker cooperative is born out of a group of workers who previously worked for a private company or another worker cooperative. In this case, the cooperative retains valuable institutional knowledge and professional networks, leading to stronger camaraderie among their members. However, there can be potential tension in transitioning to a democratic governance and collective ownership structure and culture, if the spin offs is from a private company. Spin-offs from

worker cooperatives arise when there are differences among members of the worker cooperatives in terms of the vision for the organization.

Freelance worker cooperatives are another form of business operation, arising from the collaboration of an informal network of workers. Worker cooperatives help with sharing resources, networking, and sharing administrative tasks. However, there can be issues with income distribution due to varying rates among worker-members, leading to unequal pay. Freelance workers may start informally and later become part of a formal worker cooperative.

Conversion is another type of business operation, where a private company converts to a worker cooperative. This provides continuity for workers and democratizes ownership. However, resistance from prior management or shareholders can pose challenges in the transition process. Conversion is a viable business solution for family-owned businesses where the founders or owners seek retirement and want to sell the business. They could consider selling it to their workers, rather than investors.

Mergers involve two or more worker cooperatives combining into one entity. It could also be a merger of a private and a worker cooperative firm. This enables resource consolidation and a stronger market presence. However, there is a risk of dilution of governance principles or conflicts among stakeholders.

Multi-stakeholder worker cooperatives are formed by diverse stakeholder groups, such as workers, consumers, and investors. These worker cooperatives have the advantage of broader resource access, shared governance, and diversified perspectives. However, potential conflicts of interest between stakeholder groups can arise, challenging the traditional notions of worker cooperatives by integrating diverse stakeholder priorities.

Holding is a unique worker cooperative type. It acts as an investment company. It has ownership stakes in companies spanning one or more countries. This structure allows for increased resources, knowledge sharing, and global market access. By pooling together resources and expertise from various companies, holding cooperatives can achieve economies of scale and compete more effectively in the global market. However, one of the main challenges faced by holding cooperatives is maintaining consistent governance and adherence to cooperative principles across different regions[111]. Each country has unique regulations and cultural norms to navigate. It is crucial for cooperatives to establish strong governance mechanisms that include all stakeholders.

Holding cooperatives may have two-tier structures. This means that there are two distinct categories of members within the cooperative: worker owners (de jure) and workers who are employed but not owners (de facto). Worker owners typically enjoy better working conditions and have a say in the decision-making processes of the worker cooperative. Worker owners have a direct stake in the success and long-term sustainability of the worker cooperative. On the other hand, workers who are not owners may not have the same level of influence and may have fewer rights and privileges[112]. This two-tier structure raises questions of equity and fairness within the cooperative, demanding careful management to ensure fair treatment and equal opportunities for all members.

Federations and networks are alliances of cooperatives that collaborate for mutual support and to enhance their market presence. They are also referred to as second-order or third-order cooperatives. In this subcategorization, I include confederations, which is a network of federations (third-order cooperatives). Federations are second-order cooperatives. By joining forces, worker cooperatives within a federation or a network can achieve enhanced stability, resource sharing, and collective bargaining power. They can pool together their resources, knowledge, and expertise to tackle common challenges and seize opportunities in the market. Joining a federation or network may require cooperatives to give up some autonomy. They must coordinate their interests with the group's objectives, which might mean making compromises. Moreover, being part of these organizations entails more responsibilities and investments to sustain operations and promote successful collaborations.

Recovered worker cooperatives ensure continuity of business and jobs in a community in times of crisis[113]. In times of bankruptcy or crisis, workers can convert businesses into cooperatives. By taking control of their workplaces, workers can secure their livelihoods and have a direct say in the decision-making processes that affect their work and lives. Worker cooperatives also foster a strong sense of community and solidarity among the employees, as they share both the responsibilities and the benefits of running the worker cooperative. The lack of an institutional framework and limited business skills may hinder the long-term sustainability of recovered worker cooperatives[114]. Financial instability, legal insecurities, and managerial/business skills are challenges that worker cooperatives must overcome to succeed. Argentina and, to a lesser extent, Italy, are prominent examples of successful worker recovered cooperatives.

Summary of Subtypes of Worker Cooperatives by How They Start

SUBTYPE 1: Start-ups.

- **DEFINITION:** A new cooperative venture. A group of workers/entrepreneurs can form a worker cooperative using their own contributions or as an incubation or acceleration project within a university or a cooperative development institution.
- **WORKER OUTCOMES (POSITIVE):** Potential for innovation and responsiveness to market demands. Creating structures suitable for founders. Innovating new structures and models of governance that improve job quality.
- **WORKER OUTCOMES (NEGATIVE):** Challenges in incorporating new members and sustaining a harmonized organizational culture. Outsized influence and power of founding members. Difficulties in securing stable revenue flow.
- **GOVERNANCE:** An opportunity to create and experiment with new models of democratic and horizontal management. The challenge is that incoming workers may not have experience with cooperative and democratic practices, thus leading to turnover or organizational failure.
- **EXAMPLE:** A new cooperative that was started by several workers. Several tech worker coops in Argentina and the UK.

SUBTYPE 2: Spin-offs.

- **DEFINITION:** A cooperative born out of a group of workers who work for a private company or another worker cooperative.
- **WORKER OUTCOMES (POSITIVE):** Retains institutional knowledge, professional networks, and client base. Stronger camaraderie.
- **WORKER OUTCOMES (NEGATIVE):** Potential tension in transitioning to democratic governance and collective ownership structure and culture.
- **GOVERNANCE:** Collective knowledge and experience of running a firm or a worker cooperative. The problem is that certain practices might harm the cooperative, and because of inertia and path dependency, they might persist.
- **EXAMPLE:** A tech worker cooperative in South America.

SUBTYPE 3: Freelance.

- **DEFINITION:** A cooperative that arose from the collaboration of an informal network of workers
- **WORKER OUTCOMES (POSITIVE):** Facilitates resource sharing and networking opportunities. Shared administrative and compliance responsibilities.
- **WORKER OUTCOMES (NEGATIVE):** Potential tensions in distributing incomes as different worker-members may have different rates (unequal pay structure). Limited sense of camaraderie and teamwork as some freelancers work part-time in the worker cooperative.
- **GOVERNANCE:** Distributed governance models that rely heavily on digital tools such as Loomio. Outsized influence of freelancers who are more active with the cooperative. Unequal level of engagement among cooperative members.
- **EXAMPLE:** A tech worker co-op in South America and Europe.

SUBTYPE 4: Conversion.

- **DEFINITION:** A private company converting to a cooperative.
- **WORKER OUTCOMES (POSITIVE):** Provides continuity for workers and democratizes ownership. Stable revenue flow.
- **WORKER OUTCOMES (NEGATIVE):** Resistance from former employer's management or shareholders.
- **GOVERNANCE:** Governance models may be more hierarchical, reflecting the management styles of the conventional firm. Opportunity to transition to democratic and horizontal management structure with a learning curve.
- **EXAMPLE:** A case in the UK, where a private company converted to a tech worker cooperative.

SIUBTYPE 5: Merger.

- **DEFINITION:** Two or more cooperatives combining into one entity.
- **WORKER OUTCOMES (POSITIVE):** Enables resource consolidation and stronger market presence. Greater revenue, market share, or possibilities for career advancement.
- **WORKER OUTCOMES (NEGATIVE):** Risk of dilution of governance principles or stakeholder conflicts. Cooperatives with heterogenous members struggle with governance.
- **GOVERNANCE:** Opportunity to create new democratic governance structures that address

the needs of workers from the distinct entities. Difficulties may arise because of a steep learning curve with mastering cooperative and democratic governance and management. There may be conflicting organizational cultures.

- **EXAMPLE:** Not observed in my study on tech worker cooperatives in the UK and Argentina, but may exist elsewhere.

SUBTYPE 6: Multi-Stakeholder.

- **DEFINITION:** Cooperatives with diverse stakeholder groups, such as workers, consumers, and investors.
- **WORKER OUTCOMES (POSITIVE):** Broader resource access, shared governance, and inclusion of diverse perspectives.
- **WORKER OUTCOMES (NEGATIVE):** Potential conflicts of interest between stakeholder groups.
- **GOVERNANCE:** Opportunity to institutionalize the inclusion of diverse groups of stakeholders. Challenges remain with levels of engagement and different tiers of rights and privileges for stakeholders with various levels of engagement with the cooperative. For example, worker-owners may enjoy the most rights and privileges, while consumers or clients may have only a consultative role in the cooperative's governance. The governance structure depends on the legal entity's form. For example, UK's Community Benefit Societies are a type of cooperative societies that has a legal mandate to serve the community. It is a type of non-profit cooperative organization.
- **EXAMPLE:** A tech worker cooperative in the UK.

SUBTYPE 7: Holding/International.

- **DEFINITION:** A cooperative that acts as a holding and has ownership stakes in companies spanning one or more countries.
- **WORKER OUTCOMES (POSITIVE):** Increased resources, knowledge sharing, and global market access. Greater possibilities for career advancement. Higher revenue generation.
- **WORKER OUTCOMES (NEGATIVE):** Difficulty in maintaining consistent governance and adherence to cooperative principles across regions. Two tier structure, with worker owners having better conditions compared to those who are employed as workers and non-owners in the international subsidiaries.
- **GOVERNANCE:** Involves a two-tier governance structure. One is for the worker-owners and another is for the employees. Worker owners enjoy the most rights and privileges of being worker cooperative members. Employees are subordinate to worker-owners. Employees rarely have a voice and a vote.

- **EXAMPLE:** Mondragon in Spain. A tech worker cooperative in South America.

SUBTYPE 8: Federations and Networks.

- **DEFINITION:** Alliances of cooperatives or federations of cooperatives that collaborate for mutual support and market presence.
- **WORKER OUTCOMES (POSITIVE)**: Enhanced stability, resource sharing, and collective bargaining power.
- **WORKER OUTCOMES (NEGATIVE):** Potential loss of individual cooperative autonomy. Increased responsibilities and investments for supporting the federations or networks
- **GOVERNANCE:** The legislative frameworks typically mandate governance structures. Usually, federations emulate the dominant governance structures within their network. Some federations follow a traditional cooperative governance model where they vote for the executive functions of the cooperative, such as presidents, treasurers, and secretaries. There are federations that adopt sociocracy, where all members of the federations must have a minimum level of engagement, thus avoiding the free-rider or lack of participation effects. Management in the first model is hierarchical, while the second model is horizontal.
- **EXAMPLE:** Smart (Belgium).

SUBTYPE 9: Recovered.

- **DEFINITION:** Businesses converted into worker cooperatives by workers following bankruptcy or crisis.
- **WORKER OUTCOMES (POSITIVE):** Provides job security, empowerment, and continuity during crises.
- **WORKER OUTCOMES (NEGATIVE):** Limited long-term sustainability in some cases due to financial instability, inadequate legal framework, or management.
- **GOVERNANCE:** Worker cooperatives utilize diverse governance structures. Some use collectivist models where decisions are made by all workers. Others prefer a more hierarchical structure. Recovered worker enterprises face the challenge of transitioning workers from a traditional, hierarchical structure with limited autonomy to a self-governing model demanding independent decision-making. This requires a steep learning and adjustment curve.
- **EXAMPLE:** Worker recovered factories in Argentina or worker-buyouts in Italy, operated as worker cooperatives in both cases.

Photo 6: A march of workers of worker recovered enterprises in Argentina. Photo by CTA Buenos Aires/ enREDando.

Why they operate?

The ability of worker cooperatives to adapt and thrive in the face of external shocks highlights their resilience and the importance in creating sustainable and inclusive economies. Worker cooperatives operate in various ways, depending on their priorities and goals.

Lifestyle business is an approach where workers build an enterprise that aligns with their personal goals. These worker cooperatives place a strong emphasis on work-life balance and on cooperative idealism, cooperation and equality. However, lifestyle cooperatives may struggle to scale or compete in highly competitive industries. They often face challenges in balancing cooperative growth and maintaining a high quality of life for their members[115].

Life-long employment is an approach where worker cooperatives prioritize stable, long-term employment for their members. These worker cooperatives provide high job security and long-term career development opportunities. By offering stability, they emphasize the importance of long-term planning and cooperative governance. In contrast to the lifestyle model, the life-long employment has a higher emphasis on the financial strength of the organization. There is a higher tendency to compete and scale. The risks are that this model may enter a path dependency and an overreliance on the projects that provide stable cash flow, thus forgoing new opportunities for business development. Another risk is that there may be a higher emphasis on financial stability that may come at the expense of cooperative idealism and job satisfaction. This model has a higher tendency to degenerate or demutualize into a traditional firm.

Traditional employment is the model where worker-members of the cooperative enjoy employee benefits and protections. This approach allows workers to balance the cooperative principles of worker ownership and democratic decision-making with business practices that are more commonly understood and accepted by external stakeholders. However, there is a potential risk of erosion of cooperative principles over time, as the cooperative may become more influenced by traditional business practices[116].

Summary of Subtypes of Worker Cooperatives by Why They Operate

SUBTYPE 1: Lifestyle Business.

- **DEFINITION:** Worker cooperatives that prioritize work-life balance.
- **WORKER OUTCOMES (POSITIVE):** Increased worker satisfaction, flexibility, and alignment with personal goals. Emphasis on cooperative idealism and smaller sized-firms. Stronger camaraderie.
- **WORKER OUTCOMES (NEGATIVE):** May struggle to scale or compete in highly competitive industries. Potential for lower revenues, earnings, and career and skill advancement.
- **GOVERNANCE:** These worker cooperatives are small and favor collectivist governance models that ensure full inclusion of all team members. Sometimes they adopt sociocracy, a consent-based governance model that ensure participation of all worker members.
- **EXAMPLE:** Aspirations of several UK tech worker coops.

SUBTYPE 2: Life-long Employment.

- **DEFINITION:** Worker cooperatives that prioritize stable, long-term employment for members.
- **WORKER OUTCOMES (POSITIVE):** High job security and long-term career development opportunities.
- **WORKER OUTCOMES (NEGATIVE):** Risk of rigidity in decision-making and lack of adaptability to market changes. Emphasis on business pragmatism at the expense of cooperative idealism and job satisfaction.
- **GOVERNANCE:** Governance in the cooperative may prioritize pragmatic matters, such as financial stability over the idealism of cooperative and democratic governance. In contrast to lifestyle worker cooperatives, the larger size of these worker cooperatives demands hierarchical structures for their administration.
- **EXAMPLE:** Aspirations of most of Argentina's tech worker coops.

SUBTYPE 3: Traditional Employment.

- **DEFINITION:** Worker cooperatives adopting conventional employment structures while maintaining worker ownership.
- **WORKER OUTCOMES (POSITIVE):** Combines worker empowerment with familiarity of external stakeholders.
- **WORKER OUTCOMES (NEGATIVE):** Potential erosion of cooperative principles over time. Workers may not feel strong attachment to cooperative principles, rather see the worker cooperative as a career stepping stone.
- **GOVERNANCE:** May pursue a variety of governance models. These cooperatives may be of various sizes, ranging from larger to smaller ones. They may blend governance characteristics of the lifestyle and life-long cooperative models.
- **EXAMPLE:** Some UK tech worker coops.

Ideological Orientation

Various ideologies guide worker cooperatives. Sometimes, the founders may have similar or conflicting ideologies within a cooperative. At other times, there may be irreconcilable ideological origins for worker cooperatives. For instance, a diverse group including Chartists, Owenites, trade unionists, and factory reformers founded the first modern cooperative, the Rochdale Society of Equitable Pioneers[117]. José María Arizmendiarrieta, a Catholic priest, founded Mondragon in Spain, which is today's largest worker cooperative federation and ecosystem in the world, under Franco's fascist regime[118]. Juan B. Justo from Argentina, a physician and a socialist, founded El Hogar Obrero, which used to be Argentina's largest cooperative ecosystem encompassing consumer, credit, housing, and producer cooperatives[119]. Idealistic, economic, or accidental factors may inspire the founding of a co-operative[120]; however, maintaining a cooperative requires carefully balancing idealistic aspirations and pragmatic constraints over time.

I split worker cooperatives into three types based on their ideological orientations, reform-activist, pragmatic, or revolutionary. A reform-activist worker cooperatives seeks to improve working conditions within the confines of the current socio-economic system. A pragmatic worker cooperative seeks to maximize the material well-being of its members by exploiting the current system's socio-economic structure. A revolutionary worker cooperative has set a mandate for itself to transform the capitalist economic system. These are ideal types. In practice, worker cooperatives have members with a mix of these ideological views. Even an individual's ideological perceptions may change over time. The ideological differences within and between worker cooperatives are a source of conflict.

Worker cooperatives use different mechanisms to solve these issues. Examples include hierarchical management[121], communication channels to manage diverse views[122], or broader participation models like sociocracy[123].

Photo 7: "A better world is possible. It already exists in the shadows of the current one. Competition vs. Cooperation. Anarchy is everywhere." (Courtesy translation from Spanish). A comic featured on the shirt of an Argentine tech worker. August 2023, Argentina. Photo by author.

Summary of Subtypes of Worker Cooperatives by Ideological Orientation

SUBTYPE 1: Reform-Activist.

- **DEFINITION:** Worker cooperatives called reform-activist cooperatives aim to enhance working conditions within the current socio-economic system. They focus on advocating for reform rather than seeking to transform capitalism. Unlike revolutionary cooperatives, they do not aspire to change the system entirely.
- **WORKER OUTCOMES (POSITIVE):** Improved working conditions for workers within the worker cooperatives and for others for whom the worker cooperatives are advocating. Potential policy change establishes the institutional sustainability of the reforms. Governance may be more participatory and inclusive. Focused on getting more voices heard.
- **WORKER OUTCOMES (NEGATIVE):** Does not seek to uncover or address the root systemic causes for inequality and poor working conditions. May not leave to improvement of working conditions for a larger sector of workers.
- **GOVERNANCE:** Focuses on a mix of pragmatic and idealistic governance practices. Pragmatic governance practices relate to ensuring the cooperative's financial viability, such as focusing

on securing funding for the viability of the organization. Idealistic governance practices refer to including all worker-members and ensure that each member has a voice and a vote. Cooperatives have members with varying levels of engagement, and these cooperatives raise awareness of the importance of equal participation of all members.

- **EXAMPLE:** N/A. Due to the sensitivity of this topic, I refrain from identifying examples.

SUBTYPE 2: Pragmatist.

- **DEFINITION:** Worker cooperatives that seek to maximize material well-being through engaging with the system and maximally exploiting it.
- **WORKER OUTCOMES (POSITIVE):** Improved material and working conditions for workers. Leverage existing institutional structures to advance worker cooperative goals. Governance may be more hierarchical and focused on maximizing member revenues.
- **WORKER OUTCOMES (NEGATIVE):** Lack of cooperative ideal and camaraderie. May lead to more transactional times of relations between coworkers.
- **GOVERNANCE:** Establish governance structures that prioritize governance aims. Depending on the size of the cooperative this may range from more horizontal and autonomous management styles of more hierarchical styles for the larger worker cooperatives.
- **EXAMPLE:** N/A. Due to the sensitivity of this topic, I refrain from identifying examples.

SUBTYPE 3: Revolutionary.

- **DEFINITION:** Worker cooperatives that seek to understand and transform the root causes of inequality and poor working conditions. The worker cooperatives seek to transform the capitalist economic system.
- **WORKER OUTCOMES (POSITIVE):** Improved working conditions through greater worker voice and inclusion. Stronger camaraderie, especially if membership is very idealistic and ideologically aligned. May include multi-stakeholder management structures. Focused on achieving idealistic goals and social impact.
- **WORKER OUTCOMES (NEGATIVE):** May alienate members who are more pragmatic. Limited focus on pragmatic aspects of the worker cooperative may lead to lower revenues and potentially shorter economic viability.
- **GOVERNANCE:** Focus on full inclusion of all worker-members, including external stakeholders. Radical in their approach to sharing power and resources within the cooperative and beyond.
- **EXAMPLE:** N/A. Due to the sensitivity of this topic, I refrain from identifying examples.

Framework Summary

In conclusion, there are four factors that influence how worker cooperatives start and operate: legal structures, employment relations, business operations, and ideological orientation. Due to the dual mission of worker cooperatives, they must balance between the idealism of cooperation and pragmatism of business sustainability[124].

Photo 8: Animorph, a UK tech worker cooperative, joined testing of the Varjo XR-3 with stroke survivors at UEA NeuroLab, advancing research on the Brain Injury Sensory Prosthetic with precise eye-tracking data. Funded by NIHR Brain MIC. Photo by Animorph's Instagram Account.

Worker cooperatives respond to challenges differently, resulting in various types of cooperatives with unique ways of starting and operating. Each type has its own advantages and challenges for workers forming these cooperatives. Worker cooperatives show resilience by adapting and thriving despite external shocks, highlighting the importance of this model in creating sustainable workplaces with good jobs for all workers. By understanding these dynamics, worker cooperatives can develop strategies to navigate their specific circumstances and set themselves up for success in today's business environment.

Conclusion

This report examines the emergence of various types of worker cooperatives, considering the influence of institutional and self-determination factors. By integrating institutional and self-determination perspectives, I emphasize the delicate balance between agency and constraint in these worker cooperatives.

This study's findings enhance typological theory in cooperative studies. Inspired by the work of Hall & Soskice on the *Varieties of Capitalism*[125], the study provides valuable insights that can inform policymakers and practitioners involved in supporting cooperative development.

To expand our understanding of worker cooperatives, future research should conduct comparative studies across different industries and regions. My research on tech worker cooperatives in Argentina and the UK inspired the current research and typology, which I supplemented with a literature review and case studies from other parts of the world, primarily in Europe, North America, and South America. Contributions on worker cooperative forms and practices in Asia, Africa, and Oceania would further strengthen the typology.

There are two additional major avenues for research and exploration. Technology, international law and taxation, and funding.

Digital technologies such as artificial intelligence and blockchain technology have enabled the creation of digital transnational cooperatives such as dOrg[126]. Although the legal entity is registered in the United States, the workers can be from anywhere in the world. However, this is not without its challenges. Although dOrg uses internet and blockchain technologies deployable globally, national jurisdictions govern its legal structures and workers. This speaks to the calls for creating global coops[127] and moving beyond temporary cooperative hacks such as member-managed LLCs[128] and creating a truly global cooperative entity and worker-member base.

Funding for worker cooperatives is another challenge and area of innovation. In 2022, the United Arab Emirates (UAE) passed a federal decree regarding cooperative associations. What is innovative about their UAE law is that Article 17 of the law allows for cooperatives to list their shares on financial markets[129]. This approach aims to solve the undercapitalization issue in cooperatives. Inviting external investors and equity holders could dilute the power of worker members or make the cooperative more like an employee-stock ownership company.

In this UN's Year of Cooperatives (2025), it is important to recognize the vital role that cooperatives play in promoting economic development, social inclusion, and environmental sustainability. Worker

cooperatives are not just businesses; they are democratic organizations that empower individuals and communities to come together, pool their resources, and address their common needs and aspirations. The Year of Cooperatives is a chance to create an environment that supports the growth and success of worker cooperatives. Through a framework of typologies of worker cooperatives, we can ensure tailored policy measures to improve the legal and institutional conditions that would enable the development of the worker cooperative sector.

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An important catalyst for setting my research on worker cooperatives back in motion was the support, trust and foresight of Dr. Joseph Blasi from the Institute for Employee Ownership and Profit Sharing at Rutgers University. Although, I already wrote an honors thesis on worker cooperatives in Argentina in 2012, publishing it during the first International Year of Cooperatives in 2012, I took several years off working in the government and private sector, before embarking on Ph.D studies in the Fall of 2022. Dr. Joseph Blasi extended me invitation to attend The Beyster Symposium in June 26-28, 2022, which put me in contact with various researchers from the United States and across the world who focus on employee ownership and cooperatives. There, I had also made contacts with Professor Denise Kasparian, who later advised me and helped me with my research on tech worker cooperatives in Argentina.

I would also like to thank the fellows for the feedback and inspiration I have received during our informal and formal conversations throughout our year of online research discussions, during the ICDE symposium in New York City (June 8-9, 2024), and at the Digital Africa Rising conference in Mombasa, Kenya (November 6-8, 2024). Let us not forget the many friendships, laughter, and internal jokes that we developed over time.

As researchers, we spend plenty of time alone, reading literature, analyzing the data and feedback we receive, writing, and editing our work. Yet, it is through those informal and formal interactions that we have as a community and through our cooperative efforts that we can produce work that we are happy to share with the rest of the world.

I would like to thank the ICDE, the fellows, and the conference and symposium participants who have inspired me in small and big ways to continue with this research. I hope that this report will be useful to those who seek to start, develop, scale, and sustain worker cooperatives with the aim of improving work and life conditions for all.

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About the Author

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Stefan is also the founder of Lifestyle Democracy, a knowledge platform aimed at empowering individuals and communities by sharing and teaching actionable democratic principles and practices.

Appendix A: International Cooperative Alliance - Cooperative Principles

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their Cooperative. At least part of that capital is usually the common property of the Cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their Cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the Cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their Cooperative autonomy.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the Cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Guidance Notes on the Cooperative Principles

In 2016, the ICA's Principles Committee released the Guidance Notes on the Cooperative Principles, giving detailed guidance and advice on the practical application of the Principles to Cooperative enterprise. These Guidance Notes aim to state our understanding of the application of the Principles in contemporary terms for the 21st century.

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hours and under the directive and supervision of their employer. The owner robbed the bank, while the employee was an unwitting accomplice in the act. The owner of the hired van, an instrument of work, is not deemed responsible for the actions of the van, because the van is considered an instrument of work and cannot be attributed human responsibilities. Meanwhile, when performing tasks at the workplace or for the employer, the employee is considered an instrument of labor. If the employee does not follow the employer's prerogatives during the working hours and at the workplace, they may be sanctioned. However, when an employee performs tasks that are directed by the employer and these tasks are criminal in nature, then the employee is not considered an instrument, but rather a human being and is factually or de facto charged as a criminal. According to Ellerman, the employer-employee relationship constitutes an institutional fraud because it alienates "de facto inalienable aspects of personhood" (Ellerman 2021: 34). Ellerman argues that there should be consistency between the law and the facts and that is not the case with the employer-employee relationship of dependence.

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